

Agricultural Deferrals



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Agricultural Deferrals

DEBT FINANCING

CITY OF WICHITA DEBT FINANCING

- The City had a total of \$432.7 million general obligation (GO) debt as of 12/31/2008.
- Special assessment debt, guaranteed by the full faith and credit of the City, accounts for \$227.6 million of the \$432.7 million GO debt, or 52.6%.
- Special assessment collections for the last 10 years reflect an average collection rate of 95.37%.
- Any delinquency must be absorbed by ad valorem property taxes collected by the Debt Service Fund or delinquent special assessments collected in subsequent years.



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FINANCING

SPECIAL ASSESSMENT FINANCING

- Supports infrastructure improvements in new private developments.
- State law provides individual property owners with the option to finance or make other arrangements.
- Special assessment debt is guaranteed as a general obligation of the City.



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DELAY/ABATE AUTHORITY

AUTHORITY TO DELAY OR ABATE SPECIAL ASSESSMENTS

- Charter Ordinance No. 139 provides for a delay or an abatement of the payment of special assessments.



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DEFERRAL TYPES

TWO TYPES OF DEFERRALS

1. **Hardship Deferral** - delay in or abatement of the payment of all or any portion of special assessments for the construction of public improvements levied against residential property when, in the opinion of the City Council such payment would work a hardship on the owner(s) of such property .
2. **Agricultural Deferral** - delay in the payment of special assessments for the cost of constructing public improvements in unplatted and undeveloped areas of the City.



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CONDITIONS

CONDITIONS OF AGRICULTURAL DEFERRALS ARE AS FOLLOWS:

Property must:

1. exceed 2.5 acres;
2. not be served by such public improvement;
3. be primarily used for agricultural purposes;
4. have a population density of less than one family per acre; and
5. not be platted.



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DEFERRALS

WHY FOCUS ON AGRICULTURAL DEFERRALS?

- Applications have been received from developers that may also be the petitioner for the improvements.
- The City has not applied the current policies in this manner before. There are some policy restrictions that will need to be addressed to consider the requests.



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NEW PROGRAMS

NEW PROGRAMS

- Water Benefit Fee
- Sewer Benefit Fee



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PROJECTS

PROJECTS TO CONSIDER FOR AGRICULTURAL DEFERRAL

- **Storm Water Drain Projects** – The nature of these projects often require developers to complete the improvements all at once rather than in phases.
- Discussions with WABA as well as local engineers and developers helped to identify Storm Water Drain projects as having the most impact on costs incurred during the development stage.



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RESTRICTIONS

CURRENT POLICY RESTRICTIONS

- **Charter Ordinance 139** – limits our ability to defer assessments and still sell tax exempt bonds.
- **City Council Policy #2** - addresses deferral of sanitary sewer projects only.
- **Agricultural Deferral Application** – specifies conditions for qualification and approval.



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PROPOSED CHANGES

Proposed changes to the following policy documents are necessary to allow for the deferral of Storm Water Drain Projects.

1. Charter Ordinance 139
2. City Council Policy #2
3. Agricultural Deferral Application



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WHAT CHANGES ARE PROPOSED?

- **Charter Ordinance 139** – Amend CO 139 to allow for the deferral of Storm Water Drain projects on unplatted/undeveloped land, avoiding the need for taxable special assessment bonds.
- Proposed changes to CO 139 would allow for the deferral of Storm Water Drain projects for a maximum of 5 years or until the property is platted.



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PROPOSED CHANGES

FINANCIAL IMPACTS – CO139

- Average storm water drainage projects (unplatted only) total \$1.5 - \$2.0 million per year.
- Average debt service payments total \$60,000-\$100,000 per year.
- CIP impact \$60,000 - \$100,000 per year with a high of \$500,000 after 5 years – depending on future development.



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PROPOSED CHANGES

WHAT CHANGES ARE PROPOSED?

- **City Council Policy #2** – Update the policy to address both hardship and agricultural deferrals, related conditions for application and approval, and to provide consistency with CO 139.



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PROPOSED CHANGES

WHAT CHANGES ARE PROPOSED?

- **Agricultural Deferral Application** - Update the application to reflect the changes in CO 139 and City Council Policy #2.



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CONCLUSION

THE PROPOSED CHANGES TO CHARTER ORDINANCE 139, COUNCIL POLICY #2 AND THE AGRICULTURAL DEFERRAL APPLICATION WILL:

- Provide for the deferral of Storm Water Drain projects on unplatted/undeveloped land and ease the burden on developers for these special assessments.
- Mitigate the need to issue taxable special assessment bonds related to deferred assessments for Storm Water Drain projects on unplatted/undeveloped land.
- Strengthen and provide consistency between current policy documents.



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QUESTIONS??



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